

retirement of its capital stock, membership certificates or equity capital certificates, or investments in affiliated companies.

(d) As used in this section 15, the following terms shall have these meanings:

- (1) The term "adjusted net worth" means the sum of the Mortgagor's "Stock," "Other Capital Surplus" and "Earned Surplus" accounts, less "adjustments."
- (2) The term "adjusted assets" means the sum of the Mortgagor's accounts classified as "Investments," "Current Assets," "Other Assets," and "Prepaid Accounts and Deferred Charges," plus an amount equal to the amount of loan funds still to be advanced under the Loan Contract, as it may have been amended, if such amount has not been recorded as "Subscriptions to Funded Debt," less the sum of the "Depreciation Reserve," and "Amortization Reserve" accounts and "adjustments."
- (3) The term "adjustments" used in the foregoing definitions means the sum of the following: "Investments in Affiliated Companies," "Advances to Affiliated Companies," "Telephone Plant Acquisition Adjustment" debit amounts in excess of "Amortization Reserve," "Telephone Plant Adjustment" debit balances, "Company Securities Owned," unpaid "Subscriptions to Capital Stock," and "Discount on Capital Stock."
- (4) Titles of accounts or groups of accounts and other terms describing accounting transactions, used in the foregoing definitions or in this section 15, shall have the meanings prescribed for them by the Federal Communications Commission in its prevailing uniform system of accounts for Class A telephone companies. These terms shall also apply to accounts, or groups of accounts, of the Mortgagor, regardless of the account title or the system of accounts used, if such accounts have substantially the same meaning as terms referred to in such uniform system of accounts.

7. Article II of the Mortgage is further amended by adding thereto a new section numbered and reading as follows:

SECTION 18. Notwithstanding anything contained in the Loan Contract, as from time to time amended, or in the notes, the Mortgagor shall, at any time or times when the amount of the Mortgagor's general funds exceed twenty percent of its total telephone plant and to the extent required in writing by the holder or holders of not less than a majority in principal amount of the notes at the time outstanding, make payments of or on account of the principal of any one or more of the notes designated by such noteholder or noteholders, either prior to the time or in excess of the amount provided for in any one or more of the notes in respect of which the payments are to be made; provided, however, that payments required to be made pursuant to this section do not reduce the Mortgagor's general funds below fifteen percent of its total telephone plant. As used in this section: (a) the term "general funds" means the sum of the following accounts of the Mortgagor: "Investments in Affiliated Companies," "Advances to Affiliated Companies," "Other Investments," "Miscellaneous Physical Property," "Sinking Funds," "Cash" (except for cash in the "Cash - REA Construction Fund - Trustee Account"), "Special Cash Deposits," "Working Funds," and "Temporary Cash Investments;" and (b) the term "total telephone plant" means the sum of the following accounts: "Telephone Plant in Service," "Telephone Plant Under Construction," "Property Held for Future Telephone Use," "Telephone Plant Acquisition Adjustment," and "Telephone Plant Adjustment." Titles of accounts used in the foregoing definitions shall have the meanings prescribed for them by the Federal Communications Commission in its prevailing uniform system of accounts for Class A telephone companies. These titles and definitions shall also apply to accounts of the Mortgagor which have substantially the same meanings as those referred to in such uniform system of accounts regardless of the account title or the system of accounts actually used by the Mortgagor.